Fall in Bank Deposits

426. SHRI M. VINCENT:
SHRI MOHINDER SINGH LATHER:
SHRI J. P. JAVALI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that bank deposits have fallen after the introduction of the new scheme of tax deduction at source on interest income; and

(b) if so, what measures Government are adopting to encourage bank deposits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) and (b) The deposits of All Scheduled Commercial Banks have increased from Rs. 199108 crores as on the last Friday of June, 91 to Rs. 214528 crores as on last Friday of October, 91. It would thus be seen that total deposits in absolute terms have not decreased. The trends in the growth of bank deposits remain under constant review of RBI and Government and corrective steps are taken whenever called for.

Restructuring of Banks

427. SHRI DHULESHWAR MEENA:
SHRI SURESH KALMADI:
SHRI GURUDAS DAS GUPTA:
SHRI CHATURANAN MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether the public sector banking industry is likely to be restructed from the existing 20 independent banks into just about 10 banks;

(b) if so, what are the broad features of the revamping plan and the reasons therefor;

(c) what are the recommendations of the Narasimhan Committee on reforms of the financial sector or the restructing of the public sector banking industry;

(d) the steps Government propose to take to rehabilitate and rationalise the operations of the weaker banks; and

(e) whether this plan envisages any improvement in the customer service also; if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (e) A High Level Committee was constituted by the Government under the Chairmanship of Shri M. Narasimham to examine all aspects relating to the structure, organisation, functions and procedure of the financial system. The terms of reference of the Committee included examination of the existing structure of the financial system and its various components and to make recommendations for improving the efficiency and effectiveness of the system. The Committee has submitted its report to the Government on 30-11-1991. The report of the Committee will be processed in consultation with Reserve Bank of India and other concerned agencies.

Effect of loan waiver scheme on Nationalised Banks

428. SHRI DHULESHWAR MEENA: Will the Minister of FINANCE be pleased to state:

(a) whether the banking industry is stuck with Rs. 8000 crores Agricultural and Rural Debt Relief (ARDR)

backlog representing the amount of loans waived under the Scheme, 1990;

(b) whether this had a telling effect on the profitability of the nationalised commercial banks;

(c) whether Government contemplates to reimburse the entire amount of loans waived; and

(d) if not, the manner in which it is proposed to compensate the banks for the amount of loans waived under the above scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (d) Government of India had formulated Agricultural and Rural Debt Relief (ARDR) Scheme, 1990 for providing debt relief to farmers, landless cultivators, artisans and weavers upto Rs. 10,000/- by public sector banks and regional rural banks. In so far as the banks in cooperative sector are concerned, State Governments were requested to frame a scheme on similar pattern.

The total amount of debt relief provided under the ARDR Scheme, 1990, as on 11-11-1991 by Public Sector Banks, Cooperative Banks and Regional Rural Banks was Rs. 7711 crores. The break-up of the same is given below:—

(Rs. in crores)

Credit Institutions	Amount
Public Sector Banks	2753.91
Regional Rural Banks	803.92
Cooperative Banks	4153.53
TOTAL:	7711.46

The Central Government had committed to underwrite the entire burden of the relief provided by Public Sector Commercial Banks and Regional Rural Banks and to provide 50 per cent assistance for the relief provided by cooperative credit institutions. The other 50 per cent of cost of the scheme for cooperatives is to be borne by the State Governments. However, where the State Governments are not in a position to meet the share of 50 per cent of the cost of the debt relief of the cooperatives, State Cooperative Banks/Land Development Banks can avail concessional loans from RBI through NABARD. Till date Government of India has reimbursed a sum of Rs. 2500 crores to the above credit institutions in terms of policy as stated above. It is expected that the remaining amount will be provided in the current and the next financial year to compensate the financial institutions fully.

Assistance by international financial institutions

429. PROF. SAURIN BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite Government's recently liberalised financial controls of country's economy some of the international financial institutions have been of late reducing their rates of assistance investments;

(b) whether as a result thereof the Indian financial institutions have been restricting their normal developmental activities; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) No, Sir. Infact the access to funds has increased from various international financial institutions including the International Monetary Fund.

(b) and (c) Question do not arise.